

WRITTEN TESTIMONY OF  
DR. CHARLES T. WETHINGTON, JR.  
PRESIDENT OF THE UNIVERSITY OF KENTUCKY  
AND  
CHAIR OF THE NCAA EXECUTIVE COMMITTEE  
BEFORE THE  
SENATE COMMERCE COMMITTEE  
MARCH 29, 2000  
GAMBLING ON COLLEGE SPORTS

Chairman McCain, Senators Hollings, Brownback and other distinguished members of the Committee, thank you for inviting me to testify before you today on a matter of concern to the NCAA and the larger higher education community – gambling on college sports.

The last two weekends have provided a wonderful opportunity for sports fans to watch college basketball at its finest. The excitement of college sports doesn't get any better than during the road to the Final Four. Mr. Chairman and Senator Brownback, I am sure you felt the same exhilaration I did when your home team played and won earlier in the tournament; I am also confident that you shared the same feeling of disappointment when your team played and lost two days later. Our emotions are all tied up in the hopes and dreams of these young players and the pride and respect we feel for our institutions. We don't need anything more to enjoy these games – gambling on the outcome of these games is not only unnecessary, it sells short the talent and hard work that the student-athletes bring to the games and has the potential to jeopardize the integrity of this American tradition. In my 10 years as president, I have yet to hear genuine fans of intercollegiate athletics suggest that they support collegiate contests because they can bet on the outcome of the games.

Gambling on college student-athletes and the games they play, whether done legally in the sports books of Nevada or illegally in any other state, or on the Internet is a problem. Gambling on high school, college and Olympic sporting events should be prohibited in all states and greater efforts should be taken to enforce existing laws that ban gambling on the athletics success of our young people. On behalf of NCAA colleges and universities, athletics conferences and affiliated athletics organizations, I ask for the Committee's help in achieving these priorities.

### Background – Congress Enacts Law to Prohibit Gambling on Amateur and Professional Sports.

In 1992, the Professional and Amateur Sports Protection Act (PASPA) was signed into law by President Bush to prohibit gambling on most sporting events. PASPA exempted four states that already conducted, or had enacted legislation that permitted them to conduct, sports gambling within their jurisdiction. Nevada was the only state at the time and, continues to be the only state, where legal gambling on college and Olympic sporting events is conducted. Our collective instincts were right in 1992 and we should have completed the job then. We should have made sports wagering illegal in all 50 states. Now, eight years later, there has been a blurring of the line between legal and illegal sports gambling in this country. Sports gambling has become such a part of the glamour of Las Vegas that it is fairly safe to conclude that many do not know that gambling on college sports is an illegal activity in virtually every state in the U.S.

### National Gambling Impact Study Commission – Recommends Exemption be Eliminated.

In June 1999, the National Gambling Impact Study Commission, comprised of bipartisan members appointed by the President and the leadership of the U.S. House of Representatives and U.S. Senate, issued their recommendations to Congress. Among the recommendations put forward by the Commission was that “betting on collegiate and amateur athletic events that is currently legal be banned altogether.” In making this recommendation the Commission stated,

“Sports wagering threatens the integrity of sports, it puts student athletes in a vulnerable position, it can devastate individuals and careers.”

We agree with the Gambling Impact Study Commission that legal gambling on college sports fuels the larger illegal sports gambling industry and should be discontinued.

### Pending Legislation Closes a Loophole in 1992 PASPA Law – Helps Protect the Integrity of College Sporting Events.

S. 2021 the pending legislation will remove any ambiguity associated with betting on college sports by making it clearly illegal to gamble on college games in every state. This will help curb the destructive and unseemly practice of gambling on the athletics success of our nation’s young student-athletes. Nearly a billion dollars was bet legally in Nevada on college games last year. Although rare, the NCAA has experienced several high profile gambling related incidents involving student-athletes in the last decade. The most significant of these scandals involved money wagered legally in Nevada casinos. As the amount of money legally wagered on college sports escalates, the pressures on student-athletes to provide inside information on the team for gambling purposes or to “shave” points and fix games is bound to increase as well. The pending legislation will close the loophole of the 1992 legislation, aid in preserving the integrity of college sporting events, and assist in protecting student-athletes from pressures to influence the outcome of a game or contest.

While it is true that Nevada casinos have been helpful in monitoring unusual shifts in wagering on college games, this hardly ensures protection from point shaving scandals. In fact, recent point shaving scandals have utilized Nevada sports books without being detected; the Northwestern University case is a prime example. A blanket prohibition on collegiate sports betting will reduce significantly the outlets available for placing wagers and, in doing so, will undoubtedly have an impact on the number of individuals gambling on the games. The fact is, even when the Nevada casinos helped identify the point shaving activity, it was after the fact. We are fearful that the scandals identified by the Nevada sports books are only representative of a larger problem of legal wagers on “fixed” games that largely goes undetected. We are not aware of the Nevada sports books ever having prevented a college gambling scandal from occurring.

#### Publication of Point Spreads in Most Newspapers Contributes to Illegal Sports Wagering.

According to the National Gambling Impact Study Commission report:

“One reason Americans may not be aware of the illegality of sports wagering is that the Las Vegas “line,” or point spread, is published in most of the 48 states where sports wagering is illegal.”

The pending legislation will eliminate any justification for the publishing of point spreads (betting odds) on college games in our nation’s newspapers. In addition, a ban on all collegiate sports gambling may help curtail the widespread advertising of sports handicappers’ services (associated with college football and basketball) in newspapers, magazines and on television. Point spreads contribute to the popularity of sports wagering. In short, a uniform prohibition will re-sensitize the public to the corrupting nature of this activity and encourage newspapers to follow the lead of the Washington Post, which voluntarily refuses to publish the betting line on college games. Furthermore, the gambling industry points to Internet gambling as the future source of point spreads. Congress’ passage of the Internet Gambling Prohibition Act would have a significant impact on U.S. access to online sports gambling sites.

#### Nevada Prohibits Betting on Any of Nevada’s Own Teams to Protect the Integrity of those Events.

Nevada is currently the only state where collegiate sports gambling occurs. Proponents of Nevada sports books argue that regulated sports books pose little threat to the integrity of sports contests and that illegal sports gambling is the culprit. However, Nevada gaming regulations clearly recognize the potential danger that legal sports gambling presents. The regulations not only prohibit Nevada sports books from accepting bets on college athletics events that occur in the state, but they also prohibit gambling on any games of Nevada institutions played outside the state’s borders. Inexplicably, this protection does not extend to any of the institutions located in the other 49 states. On February 11, the NCAA wrote to Steve DuCharme, Chairman of the Nevada Gaming Control Board. The letter specifically asked the Nevada Gaming Control Board to grant a request by a NCAA member college or

university to have the institution's name removed from the betting boards at the Nevada sports books in much the same way the Nevada institutions were removed. In a March 20 response, the NCAA request was not granted. DuCharme merely said other institutions are afforded the same protections as Nevada's institutions because their home states don't allow betting on their own home teams. However, the letter failed to point out that other states, unlike Nevada, don't allow betting on any other states' teams either. With the ease of travel, the proximity of bettors to teams doesn't stop at a state line. For example, nothing prohibits someone from placing a \$9,500 bet on a college game outside Nevada and then attempting to pressure a student-athlete to influence the outcome of the contest. The same protections afforded Nevada teams should be provided to the teams of all states.

#### Legal College Sports Gambling Operations Provide Avenue for Illegal Sports Gambling Money Laundering.

The legally and illegally wagered dollars on college sporting events are thought to be in the billions but no accurate data on the exact amount of illegal gaming on college sports is available. Complicating the matter is the money laundering of illegal sports book dollars through legitimate sports books. Steve DuCharme, Chairman of the Nevada Gaming Control Board, is quoted in a February 1999, *Sports Business Journal* article as saying:

“We’ve taken steps to crack down on the amount of illegal money begin laundered through legitimate sports books. We really have no way of knowing [how much is laundered through the legal sports books]. Based on transcriptions of wiretaps, it is millions of dollars.”

These are federal law enforcement issues, meriting a federal solution.

#### Discontinuation of College Sports Gambling Would Not Result in a Serious Threat to the Nevada Economy .

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Fears that this legislation will be a "serious threat" to the Nevada economy are not supported by the facts. In 1999, approximately \$2.3 billion dollars was wagered in Nevada sports books. Casinos retained \$99 million, a little more than 3.5 percent of the total amount wagered on sports. According to Steve DuCharme, chairman of the Nevada State Gaming Control Board, the amount kept by casinos on sports gambling is "very small" compared to other casino games. Furthermore, the amount wagered on college sports is only a little more than a third of the total. In an industry driven by billions of dollars, (1999 total casino revenues were \$10.1 billion) the elimination of collegiate sports gambling will have little impact on state revenues or on the casinos' bottom line. The amount bet on college sports is only 3/10 of one percent of overall casino revenues. In the midst of record growth in the Nevada casino industry, the proposed legislation will have virtually no impact on jobs.

The existence of legal sports gambling in Nevada is actually limiting the growth of the Nevada

economy in some areas. Most amateur and professional sports leagues have policies against franchise location and events staged in Nevada because of the presence of sports gambling.

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College Sports Gambling Serves as a Gateway for Youth to Addictive Gambling Behavior – Youth Gambling Problem is a Concern.

We are concerned that legal collegiate sports gambling fuels a much larger illegal collegiate sports gambling trade – impacting America's youth at an alarming rate. Sports gambling is a serious problem among teenagers under the age of 18. A recent Gallup Poll reports that teenagers say they start betting on college sports at age 10 and bet on college sports at twice the rate of adults. Called "the addiction of the 90's" by the American Academy of Pediatrics – their research indicates that there are over one million U.S. teens that are addicted to gambling. A recent Harvard School of Medicine report estimates that 6 percent of teenagers under 18 have serious gambling problems. In a June of 1999 Gallup Poll, 18 percent of teenage respondents said they had bet on college sports, contrasted with 9 percent of adults who wagered on college games. The National Gambling Impact Study Commission report calls sports wagering "a gateway behavior for adolescent gamblers." Prohibiting college sports gambling everywhere in the U. S. would send a clear signal that the activity is illegal. In addition, a federal prohibition would put an end to the mixed message to our young people, limit exposure and reduce the numbers of people who are introduced to sports gambling.

NCAA takes Concrete Steps to Address College Sports Gambling – Adopts No-nonsense Policies and Education Outreach Programs.

The NCAA has not been sitting on the sidelines in confronting the sports gambling issue and has taken significant steps to address the very real problems associated with betting on college sports. The NCAA has established policies that prohibit all sports gambling by campus athletics personnel, student-athletes and NCAA employees. Student-athletes are not eligible to compete if they knowingly provide information to individuals involved in organized gambling activities concerning intercollegiate athletics competition; solicit a bet on any intercollegiate team; accept a bet on any intercollegiate team; accept a bet on any team representing the institution or participate in any gambling activity that involves intercollegiate athletics through a bookmaker, parlay card or any other method employed by organized gambling. Similar expectations apply to coaches, athletic directors, and NCAA staff. Recently, the NCAA instituted background checks on men's and women's basketball game officials. This was done to insure that the game officials have not been involved in sports wagering issues. In addition, the NCAA sponsors: educational programs; works with campus administrators to conduct sports wagering workshops; broadcasts anti-sports-gambling public service announcements during our championship games aired by CBS and ESPN; has entered a partnership with the National Endowment for Financial Education, to produce a booklet entitled, "Don't Bet On It," to educate students about the dangers of sports gambling and to acquaint them with good financial management strategies and is working to develop research in the area of youth gambling and campus gambling.

### The NCAA and its Membership Are Committed To Improving Student-Athlete Experience.

Opponents of the pending legislation to prohibit gambling on college sports in all states criticize the NCAA for reaping profits from college sports while not investing more in gambling prevention programs. As mentioned above, the NCAA does support a number of programs that address the sports gambling issue. In addition, a portion of the NCAA's revenues fund programs such as the student-athlete assistance fund, graduate assistance fellowships, life skills education, clinics for disadvantaged youth and many other programs designed to support and enrich the college experience for student-athletes. The NCAA's 81 championship events for men and women at the Divisions I, II and III level are funded through the television rights revenues. However, the vast majority of NCAA revenues are returned to NCAA Divisions I, II and III member colleges and universities to help support their athletics programs. It costs \$3.4 billion every year for our member schools to provide the more than 335,000 student-athletes with opportunities to play college sports. Even with the money generated by television and marketing rights fees, there still isn't enough money to pay the bill out of more than 970 programs, the number of athletics programs not being subsidized is smaller than 70. That said, the NCAA and its member schools continue to examine ways to provide student-athletes with more support and enrichment opportunities, including gambling related education, research and outreach activities.

### States' Rights Concerns.

Sports gambling already is a recognized federal issue with federal jurisdiction. In 1992, President Bush signed the Professional and Amateur Sports Protection Act (PASPA) (28 USC Section 3701 et seq.). PASPA prohibits the expansion of state-sanctioned, authorized or licensed gambling on amateur sports. In addition, because college sports gambling clearly has a substantial effect on interstate commerce, Congress has the authority to legislate in this area. Unfortunately, the 1992 PASPA legislation "grand-fathered" (i.e., exempted) several states (Nevada, Oregon, Montana and Delaware) that already conducted, or were contemplating, some form of amateur sports gambling within their respective jurisdictions. While PASPA created a federal law prohibiting states from sponsoring, operating, licensing, advertising or promoting college sports gambling activities, the "grand-fathered" states were allowed to continue to permit such gambling within their borders. The proposed federal legislation would eliminate the exemption for the above states as it relates to high school, collegiate and Olympic sports gambling. Furthermore, the position held by the gambling industry that one can bet on games of other states but protects their own state tramples on the rights of other states.

### Conclusion

Since being enacted in 1992, the Professional and Amateur Sports Protection Act has been successful in halting the growth of state-sponsored amateur sports gambling. But the beachhead that legalized amateur sports wagering continues to hold in Nevada casinos blunts efforts of the NCAA and higher education to combat college sports gambling. The insidious effect of legalized wagering on college sports has crept far beyond the Nevada state line. Even though sports gambling is illegal in nearly every state, point spreads on college games are published in newspapers across the country, bookies are common fixtures on college campuses and new technologies allow bets on college games to be placed over the Internet or in a casino in innovative ways. The dollars involved are big and escalating every year. By clearly making gambling on college sports illegal everywhere and all the time, we will strike a significant blow against an activity that threatens the integrity of college sport.

This nation's college and university system is one of our greatest assets. We offer the world the model for postsecondary education. Betting on the outcome of college sporting events tarnishes the integrity of sport and diminishes the esteem in which we, and the rest of the world, hold U.S. colleges and universities. For these reasons, the NCAA respectfully seeks your help in eliminating from the Professional and Amateur Sports Protection Act the exemption that allows the Nevada casino industry to operate collegiate sports-betting schemes and thereby to jeopardize the integrity of sport in America. While we recognize that a ban on collegiate sports gambling will not eliminate all gambling on college sports, it is a significant start. If we miss this legislative opportunity, the job of fighting illegal sports wagering elsewhere will be infinitely more difficult. The NCAA, and the colleges and universities that support this legislation, along with the leaders of the high school community, higher education, and the U.S. Olympic Committee have no monetary interest in the outcome of this legislation. Our goal is to protect student-athletes and remove the unseemly influences of sports gambling on our amateur athletes and the games they play. We look forward to working with you to close the gap that has not only allowed legal betting on college sports to continue but also fuels illegal betting on college games.